

Business Segment Review

Machinery & Steel Infrastructure Systems



Energy & Environment



Machinery, Equipment & Systems



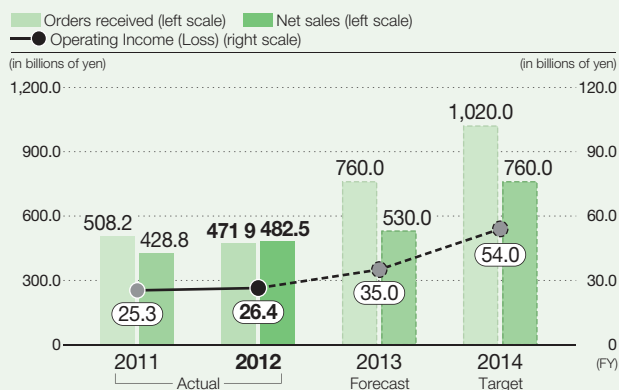
Commercial Aviation & Transportation Systems

Key businesses: Transportation systems, environmental and chemical plants, compressors, iron and steel machinery, etc.

Basic Strategies

- Expand business domains
- Develop operations globally
- Enhance product competitiveness

Future Outlook and Targets



Fiscal 2012 Review and Fiscal 2013 Outlook

In Asia, where progress is being made in the development of urban infrastructure, MHI received orders for urban transportation systems in Malaysia, Indonesia and Taiwan. Orders were also brisk for compressors, especially in the United States. Despite this, though, there was a decrease in orders received for iron and steel machinery and chemical plants, and as a consequence, sales for Machinery & Steel Infrastructure Systems decreased from the previous year to ¥471.9 billion.

Consolidated net sales rose year on year to ¥482.5 billion, mainly as a result of an increase in the delivery of iron and steel machinery, compressors and chemical plants. While sales did increase, the tough business environment kept operating income to only a slight year-on-year increase of ¥26.4 billion.

In fiscal 2013, by more actively endeavoring to secure new orders in Japan and overseas, MHI is aiming for consolidated orders received to increase considerably from fiscal 2012 to ¥760.0 billion. Consolidated net sales and operating income are projected to reach ¥530.0 billion and ¥35.0 billion respectively.

Initiatives for Growth in the Medium to Long Term

With an aim of expanding business through the development and acceleration of growth processes, MHI is promoting efforts to expand business domains, develop operations globally, and enhance product competitiveness.

Specifically, in transportation systems, through a collaborative relationship with Hitachi, Ltd. in overseas projects, which has been in place since 2010, MHI will aim to strengthen its competitiveness in global markets against stiffening competition by responding positively to the demand for investment in new railway infrastructure, especially in Middle Eastern and Asian countries.

As for iron and steel machinery, although markets are contracting due to the global economic downturn, in the medium to long term, MHI believes that markets will gradually recover as demand for steel increases with the development of infrastructure in emerging countries. In addition to working to further enhance its competitiveness, MHI will engage actively in the development and market launch of new models, plus reconditioning work, mostly updates of aged facilities, as well as in small to medium-sized investment projects.



▲ Ammonia/Urea Plant

▼ Sengkang/Punggol Light Rapid Transit APM System in Singapore



▲ Compressor and mechanical drive steam turbine for world's largest ethylene plant in the UAE

Akira Hishikawa

Head of Machinery & Steel Infrastructure Systems



SWOT Matrix

Our strengths, weaknesses, opportunities and threats

- Track record of managing many large-scale projects throughout the world
- Accelerated development of global operations

- Large number of low-share products compared to specialized manufacturers



- Transportation:
Large number of infrastructure improvement plans in emerging countries
- Compressors:
Development of shale gas in the United States
- Chemical plant:
Increase capital investment in emerging countries

- Prominence of Chinese and South Korean companies

Main Projects

Announcement	Delivery	Project
June 2013	2017	Order received to build large-scale Ammonia Plant in Russia
June 2013	2016	Order received for Nangang extension project from Taiwan High Speed Rail Corporation
May 2013	2016	Order received for transit capacity expansion of new transportation system, Singapore
December 2012	2015	Order received for construction of acrylic acid plant in Republic of Bashkortostan, Russian Federation
October 2012	2017	Order received for new mass rapid transit (MRT) system in Kuala Lumpur, Malaysia
October 2012	2016	Order received for Java main line electrification and double-double tracking project, Indonesia

As a consequence of increased shale gas production in the United States, there has been vigorous investment of unprecedented scale, and the repercussions of this have spilled over to new construction plans for chemical plants and for compressors used in plants. As a consequence, in the compressor business, MHI established a marketing and service subsidiary in the United States in October 2012, thereby strengthening its customer-based sales activities. MHI has also maintained initiatives for resource development projects targeting Brazil and other countries, participating from the initial design stage.

MHI will also strengthen its chemical plants business in emerging countries rich in gas resources, such as in Russia and Africa, as well as in regions such as North America, where shale gas and oil production is expected to increase.

Based on these measures, MHI is targeting orders of ¥1,020.0 billion, net sales of ¥760.0 billion, and operating income of ¥54.0 billion for fiscal 2014.



▲ Hot Rolling Mill

TOPICS

Kyoto University Hospital begins world's first treatment for liver and pancreatic cancer with dynamic tracking through real-time monitoring using a radiation therapy system

Vero4DRT is a radiation therapy system at Kyoto University Hospital that was delivered by MHI. In addition to being used previously in tracking therapy for lung cancer, it has also been used for liver cancer since March 2013 and for pancreatic cancer since June. This system is the first in the world that enables tracking irradiation therapy with real-time monitoring for liver and pancreatic cancer.

Vero4DRT achieves irradiation with world-class accuracy, targeting cancerous lesions that waver as the patient breathes. Not only does this minimize damage to normal tissue, but it also drastically alleviates the strain on both patients and medical staff. Going forward, given the expected increase in the number of facilities installing this system, MHI will aim to actively increase sales.

Benefits

- Compatible with all approved markers in Japan
- Continuous pinpoint irradiation of only target lesions
- Adaptable to expansion of treatment area

